

1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK

3 GUCCI AMERICA, INC., et al.,

4 Plaintiffs,

5 v.

14 Civ. 5110 (PKC)

6 ALIBABA GROUP HOLDING LTD.,  
7 et al.,

8 Defendants.

TRO Application

9  
10 New York, N.Y.  
11 July 24, 2014  
12 2:30 p.m.

13 Before:

14 HON. P. KEVIN CASTEL

District Judge

15 APPEARANCES

16  
17 GIBSON DUNN & CRUTCHER LLP  
18 Attorneys for Plaintiffs  
19 BY: ROBERT L. WEIGEL  
20 ANNE M. COYLE

21 WEIL GOTSHAL & MANGES LLP  
22 Attorneys for Defendants  
23 BY: R. BRUCE RICH  
24 JONATHAN BLOOM  
25 JARED R. FRIEDMAN

1 (Case called)

2 THE CLERK: Plaintiffs ready?

3 MR. WEIGEL: Yes, your Honor. Robert Weigel from  
4 Gibson Dunn & Crutcher for the plaintiffs: Gucci America,  
5 Balenciaga, Balenciaga America, Bodega Veneta, Botega Veneta,  
6 Inc., Yves Saint Laurent America, Luxury Goods International,  
7 and Kering S.A.

8 THE COURT: Good afternoon. And with you is?

9 MR. WEIGEL: Ms. Anne Coyle.

10 THE COURT: Good afternoon to you both.

11 On behalf of certain defendants?

12 MR. RICH: Good afternoon, your Honor. Bruce Rich  
13 from Weil Gotshal. We are representing the defendants who are  
14 not involved in the immediate motion. The remaining Alibaba  
15 defendants and Alipay we are representing, and there will be a  
16 development with respect to that that Mr. Weigel and I would  
17 like to address to the Court at the right moment.

18 THE COURT: Mr. Weigel, is this the right moment?

19 MR. WEIGEL: It is. I am pleased, I guess, to say  
20 that we have had some constructive dialogue with the folks from  
21 Alibaba. We have not heard anything from the counterfeiters  
22 themselves. We would like to file a notice of voluntary  
23 dismissal as to t Alibaba defendants to give us time to see if  
24 we can negotiate a resolution. It will be without prejudice.  
25 If we cannot, we would like to be able to refile and perhaps

1 refer it to your Honor as a related case.

2 THE COURT: Is that the understanding, Mr. Rich?

3 MR. RICH: It is. We have been working pretty much  
4 around the clock the last 48 hours to get a set of principles  
5 acceptable to both sides. Needless to say, our client feels  
6 there is an important other side to the story. All that will  
7 be known, when we get to that in a moment, is the pleading.  
8 But we are very pleased to be able to put it back in a posture  
9 where the parties can talk seriously at the business level and  
10 hopefully avert any reinstitution of the litigation.

11 THE COURT: That all sounds wonderful to me. I will  
12 be pleased to sign off on anything that you need my signature  
13 on. Although, if it is a voluntary dismissal, you may not even  
14 need my signature on it.

15 MR. WEIGEL: I don't think we do, but I have a  
16 courtesy copy for you.

17 THE COURT: That's wonderful.

18 MR. WEIGEL: May I approach?

19 THE COURT: You may. If you would like, I will so  
20 order it and have it caused to be docketed as such.

21 MR. WEIGEL: Thank you, your Honor.

22 The other thing is that we originally filed the action  
23 under seal in order to give us time to serve the counterfeiters  
24 and to freeze their assets in collection with Mr. Rich's  
25 clients. We would ask that that sealing order be lifted at

1 this point in time.

2 THE COURT: That's fine. Do you happen to have an  
3 order of some sort that I could sign for you?

4 MR. WEIGEL: Actually, we don't, but I will get one to  
5 you this afternoon.

6 THE COURT: That's fine. It doesn't have to be very  
7 elaborate. If you could do that, fax it to my chambers, and I  
8 would be delighted to enter that.

9 MR. WEIGEL: Thank you, your Honor.

10 THE COURT: Let's turn to the matter at hand, the  
11 motion for preliminary injunction directed to the merchant  
12 defendants. Would you be so kind to tell me, with regard to  
13 service of process, where you are.

14 MR. WEIGEL: There are 19 of the merchant defendants.  
15 We have served all but two of them, pursuant to the terms of  
16 your Honor's order, either by email or by posting on their  
17 store a link to a secure site that had a link, that had all the  
18 pleadings there. We understand that all of the sites are now  
19 down.

20 We got email back from five of the stores saying  
21 things from apologizing, asking to not take further action,  
22 asking for mercy, asking what this is all about. We have been  
23 telling all of them that they have been sued in New York and  
24 they should get an attorney. None of them filed any  
25 opposition.

1 THE COURT: Who are the two who have not been served?

2 MR. WEIGEL: Spring Rain Leather goods, and I  
3 apologize for the pronunciation here, Xiaohui Jin's Store.

4 THE COURT: Thank you.

5 MR. WEIGEL: And I have a certificate of service which  
6 I will file with the clerk, unless your Honor would like it.

7 THE COURT: I would appreciate your doing that. That  
8 is fine. I have been through your papers. Is there anything  
9 else you want to say in support of your motion?

10 MR. WEIGEL: I think we set it out that we meet all  
11 the standards, your Honor. We have jurisdiction over these  
12 counterfeiters. We have a likelihood of success on the merits.  
13 Irreparable harm in the circumstances is pretty much presumed  
14 due to the difficulties in measuring the actual damages. There  
15 is no hardship enjoining them from selling fake stuff. We, of  
16 course, would be harmed and the public interest in our favor  
17 because the U.S. has a very strong interest in enforcing its  
18 trademark laws.

19 All of these defendants are either in English  
20 marketing to North America or, in the case of the defendants  
21 that were in Chinese, they all sold to our investigator. Some  
22 delivered, some didn't, but they all took our money and agreed  
23 to deliver to New York.

24 THE COURT: This is the Court's statement of reasons  
25 for the grant of a preliminary injunction. The plaintiffs

1 claim that the merchant defendants are manufacturing,  
2 importing, exporting, distributing, marketing, advertising,  
3 offering for sale, and/or selling goods bearing counterfeit  
4 reproductions of plaintiffs' federally registered trademarks,  
5 trade names, and/or logos which are owned and controlled by  
6 plaintiffs.

7 The items at issue are Gucci bags, cosmetic bags,  
8 watches, wallets, shoes, leather for Gucci bags, belts, and  
9 shoes, Bodega Veneta wallets, Balenciaga sandals, and Yves  
10 Saint Laurent T-shirts.

11 The claims asserted, at least on the preliminary  
12 injunction motion, are trademark infringement, trademark  
13 counterfeiting, trademark dilution, trademark infringement  
14 under New York law, unfair competition under New York law,  
15 trademark dilution under New York law, deceptive acts and  
16 practices under New York law.

17 To prevail on trademark counterfeit claims, plaintiff  
18 must prove that the names are entitled to protection and that  
19 there is a likelihood of confusion between the merchant  
20 defendants counterfeited products and plaintiffs' products.  
21 Plaintiffs' marks are valid and are entitled to protection.  
22 The federal trademark registration is prima facie evidence of  
23 the validity of the marks.

24 Here further I find that plaintiff has shown that the  
25 senior mark is famous, the senior mark is distinctive. The

1 junior counterfeiting commercial use in commerce began after  
2 the senior mark became famous, and there will be dilution  
3 because of the distinctive quality of the senior mark.

4 With regard to irreparable harm, I don't rely on a  
5 presumption. I find that there is evidence in this record of  
6 the likelihood of loss of good will and loss of control over  
7 the brand's reputation.

8 A preliminary injunction is an extraordinary and  
9 drastic remedy, one that should not be granted unless the  
10 movant by a clear showing carries the burden of persuasion. A  
11 plaintiff seeking a preliminary injunction must show  
12 irreparable harm and either a likelihood of success on the  
13 merits or serious questions going to the merits to be a fair  
14 ground for litigation, a balance of the hardships tipping  
15 decidedly towards the party requesting the preliminary relief,  
16 and also that public policy considerations may not be offended.

17 Here I find that the standards for a preliminary  
18 injunction are fully satisfied, and I grant the motion as to  
19 all defendants except the Alibaba defendants, who have now been  
20 dismissed without prejudice from the action, and also excepting  
21 the two defendants who have not yet been served, Spring Rain  
22 Leather Goods and Xiaohui Jin's Store. Further, I find that a  
23 preliminary injunction bond in the amount of \$10,000 is most  
24 adequate, reasonable, and appropriate under the situation.

25 I will invite plaintiffs' counsel to submit a proposed

1 order reflecting the grant of a preliminary injunction so it is  
2 in a separate document as such. The preliminary injunction is  
3 granted in the manner in which I have indicated and in the  
4 manner sought in the order to show cause.

5 Anything further from the plaintiff?

6 MR. WEIGEL: No. Thank you, your Honor. We will  
7 submit the order.

8 THE COURT: Anything further from the defendants?

9 MR. RICH: Just a clarification, your Honor.

10 THE COURT: Yes?

11 MR. RICH: I think it is inadvertent, but when you  
12 indicated, correctly, that we were carved out from any relief,  
13 I would like the record to reflect relief of the temporary  
14 nature and the preliminary injunction was never sought in fact  
15 from the Alibaba defendants.

16 THE COURT: Never sought. I think as a matter of  
17 procedure, the fact that the notice of voluntary dismissal was  
18 handed up to the Court, so ordered, and in turn returned by the  
19 Court to the deputy clerk made it effective.

20 By the way, you need not do the unsealing order. My  
21 deputy clerk just prepared one for you and I have just signed  
22 it.

23 MR. WEIGEL: Thank you.

24 THE COURT: Thank you all.

25 (Adjourned)